



CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

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Dear *KyHealth Choices* Member:

Member Letter # 01-07

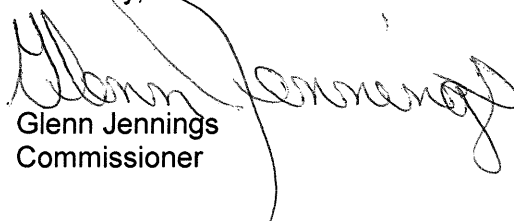
In September 2006, the Department for Medicaid Services and the Department for Aging and Independent Living worked together to start a new payment system for Medicaid waiver services. This new system is called the Consumer Directed Option, or CDO. CDO lets Medicaid members choose how some waiver services are purchased and provided, based on the member's needs and plan of care. CDO gives the member the power to choose who will provide services, how the services will be provided, and when and where they will be provided. It is important to remember that CDO is just a new way of purchasing and providing services that works better for some members. It is not meant to be an increase or expansion of services.

Medicaid has just adopted rules which explain how a member's budget for CDO services is developed. These rules say that a member's budget must be based on that person's historical cost for services minus 5% for the cost of running CDO. If other services were authorized for that person last year, but not used, the cost of those services may be added to the budget, if more money is needed to meet that person's needs. The rule includes a process for requesting a higher budget if a person has an extreme need.

CDO budgets are approved for six months. When your current CDO budget runs out, your new budget will have to be developed following the rules described above. Your support broker will help you to identify the services you truly need and transition to the new budget. If an exception is needed, your support broker can request it.

Medicaid is glad that we can offer the Consumer Directed Option as a new way to provide and purchase waiver services. We think the greater control and choice which CDO provides to members is important to best meet their needs. We are looking forward to working with you on this new service delivery option. If you have questions about this letter, or about your CDO services, please call your support broker.

Sincerely,



Glenn Jennings
Commissioner

GJ/LF/k/c/00251
Xc: Deborah Anderson
Support Brokers